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## Fifth Committee

**Summary record of the 22nd meeting**
Held at Headquarters, New York, on Monday, 11 December 2017, at 10 a.m.

*Chair*: Mr. Tommo Monthe ..... (Cameroon)
*Chair of the Advisory Committee on Administrative and Budgetary Questions*: Mr. Ruiz Massieu

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*The meeting was called to order at 10.05 a.m.*

**Agenda item 136: Proposed programme budget for the biennium 2018–2019** (*continued*)

*Proposal for the replacement of office blocks A–J at the United Nations Office at Nairobi*
(A/72/7/Add.28 and A/72/375)

1. **Ms. Zewde** (Director-General, United Nations Office at Nairobi), speaking by video link from Nairobi, introduced the report of the Secretary-General on the proposal for the replacement of office blocks A–J at the United Nations Office at Nairobi (A/72/375). She said that the replacement of the blocks was one of the major construction projects identified in the report of the Secretary-General on the strategic capital review (A/70/697) and its preceding report (A/69/760). The semi-prefabricated blocks had been constructed in the 1970s as temporary accommodation and were approaching the end of their useful life. Despite some interior upgrades, they did not comply with prevailing codes and were no longer safe. The roofs were sagging, the wiring presented a risk of fire, and the buildings were at risk of severe damage in a seismic event. In addition, they did not meet current United Nations security requirements, were not fully accessible to persons with disabilities and precluded flexible furniture layouts. The strategic capital review had determined that further investment in major maintenance of the buildings would in time cost more than their full replacement.

2. In addition, numerous prefabricated timber buildings originally constructed as swing space were currently serving as temporary offices. Plans were needed to meet the expansion demands of existing tenants and accommodate new ones. Blocks A–J currently provided office space to the security, facilities and medical services at the United Nations Office at Nairobi and to the United Nations Children's Fund, the United Nations Educational, Scientific and Cultural Organization, and the World Food Programme. The United Nations Office at Nairobi had a duty of care to those organizations, which were paying commercial-level rent, to ensure that the buildings were safe and complied with security, information technology and structural standards.

3. The United Nations did more work in Africa than anywhere else. As well as being the home of a United Nations Office, Nairobi hosted the headquarters of the United Nations Environment Programme (UNEP), the United Nations Human Settlements Programme (UN-Habitat), and the regional, country and project offices of many other agencies, funds and programmes. The new office space would be designed to fully support the secretariat functions of the United Nations Office at Nairobi, including the provision of purpose-built facilities and infrastructure required for information technology, upgraded medical facilities, catering, consolidated warehousing and transport and vehicle facilities. Any new building would be constructed taking into account flexible workspace strategies that would consolidate the current footprint of the secretariat, thereby allowing for extra office space to be made available to other United Nations tenants.

4. The Government of Kenya had donated 140 acres of land, on which the General Assembly had made substantial investments in buildings, security and other infrastructure. The Kenyan Government had also invested in road upgrades to reduce congestion and improve safety in support of United Nations entities. It was regrettable that Africa was often viewed as a helpless continent in need of peacekeeping and humanitarian assistance. Africa was vast and dynamic, and Nairobi was a place of business that contributed more to global solutions than to global problems.

5. The project represented good value for money. The total project cost of $69.9 million would ensure that modern office accommodation could be provided to all United Nations entities requiring secure office space in Nairobi, without any need for major upgrades for 20 years. The project was scalable and flexible, and would allow the United Nations Office at Nairobi to take into account the possible impact of ongoing business transformational initiatives. The General Assembly was requested to approve the proposed scope, cost and implementation strategy of option 2 for the replacement of office blocks A–J, approve the establishment of a dedicated project management team, appropriate an amount of $604,000 for the project for 2018 for design and management costs, and approve the establishment of a multi-year account for the project.

6. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.28), said that the Advisory Committee recommended that the General Assembly should approve the proposed scope of the project and the implementation strategy of option 2 for the replacement of office blocks A–J, take note of the proposed maximum estimated cost of the project in the amount of $69.9 million and request the Secretary-General to refine the estimated cost of the project to be presented in the next progress report, in particular the project contingency and cost escalation.

7. The Advisory Committee welcomed the conduct of a space utilization survey and a study to identify space requirements, and the inclusion of a comparative analysis of the three options proposed for the replacement of blocks A–J. The Advisory Committee also welcomed the application of flexible workplace strategies to all the office blocks of the complex, which should optimize the use of available space and reduce requirements for the new construction. The Advisory Committee had made a number of requests for additional information to be provided in the Secretary-General's next progress report, including information on the application of flexible workspace strategies by current non-Secretariat tenants and on the activities and results of the working group on global rental practices.

8. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group attached great importance to the provision of suitable facilities at the United Nations Office at Nairobi. The project would improve safety and security, working conditions, space utilization and energy efficiency, ensure compliance with seismic codes, and address life-cycle replacement.

9. The project design should take into account the possible impact of ongoing and proposed business transformational initiatives with a view to getting a clear picture of actual accommodation needs. Such initiatives included the implementation of Umoja, flexible workplace strategies and the global service delivery model. She noted that the project included proposals aimed at increasing accessibility for persons with disabilities and improving sustainability, through increased energy and water efficiency, lower energy consumption and greenhouse gas emissions, better air quality and the removal of hazardous materials.

10. Good project governance and oversight would be essential to complete the project on time and within budget. There was a need to ensure effective management, accountability and transparency. The report called for well-defined coordination between the Office of Central Support Services and the United Nations Office at Nairobi and the establishment of a project management team, a stakeholder committee and a change management and corporate support group. The establishment of an advisory board should also be considered. Collaboration with the host country authorities would be important for ensuring the success of the project. The Secretary-General must facilitate and operationalize those mechanisms. The Group trusted that the Secretary-General would apply lessons learned and best practices in the area of project governance. The United Nations should utilize its in-house capacity and avoid using consultancy services.

11. The Group welcomed the space utilization survey, which would determine current and future space requirements. The Group urged the Secretary-General to continue implementing flexible workplace strategies tailored to the requirements of the office in question and to examine the space requirements of existing and prospective tenants. Every effort should be made to use local materials, knowledge and technology throughout the project. Of the three options considered for the project, option 2 offered the highest benefits and was the least expensive. The Group trusted that the Secretary-General would make appropriate arrangements to complete the project within the approved scope, timelines and budget.

12. **Mr. Burity** (Angola), speaking on behalf of the Group of African States, said that the Group welcomed the Secretary-General's determination to provide sustainable and sufficient accommodation and related facilities for all United Nations staff through the strategic capital review. Office blocks A–J at the United Nations Office at Nairobi were nearing the end of their useful life, did not comply with current building codes or United Nations security and safety requirements, and were not universally accessible. Major maintenance of the building would in time cost more than their replacement.

13. The presence of non-Secretariat tenants in the facilities would ensure that there was no idle capacity. As flexible workplace strategies were implemented, space requirements and availability would become clear. The United Nations Office at Nairobi should continue to ascertain which entities were interested in being accommodated in the new office space and should undertake space utilization assessments. The Group would be interested in hearing about the effects of ongoing business transformational initiatives.

14. Appropriate governance and oversight measures would be imperative for efficient and effective completion of the project. The report set out various proposals, including the establishment of a dedicated project management team, a stakeholder committee and an advisory board for oversight. The Group was confident that the Office of Central Support Services would provide effective coordination of the project. The Office of Internal Oversight Services should carry out evaluations and inspections throughout the implementation of the project and report any potential risks without delay. Risk mitigation measures should be introduced to address any unforeseen risks.

15. Noting that the projected total cost of the project was $69.38 million, inclusive of contingency, and that $604,000 was required for preparatory work in 2018, he said that the General Assembly should establish a multi-year construction-in-progress account. The Group would monitor closely the progress of the project at the United Nations Office at Nairobi and other construction and renovation projects under way at the Economic Commission for Africa. He called on all those involved to monitor and document project implementation with a view to ensuring that the necessary safety and security measures were in place and that proper facilities were available for United Nations staff, as well as delegations and visitors.

16. **Ms. Grignon** (Kenya) said that Kenya was fully committed to the objectives of the United Nations, as evidenced by the fact that it hosted the headquarters of UNEP and UN-Habitat and had allocated a large piece of land to the Organization free of charge. Her delegation welcomed the efforts of the Secretary-General and the General Assembly to increase the financial resources of the United Nations Office at Nairobi, including funding for operations and associated administrative expenses. Appropriate office accommodation and facilities were imperative for creating a suitable working environment for staff. To address the Organization's accommodation needs, the Secretary-General had carried out a strategic capital review and introduced a 20-year capital maintenance programme for buildings owned or leased by the United Nations, covering the period 2018–2037.

17. Her delegation welcomed the Secretary-General's proposal to replace office blocks A–J at a cost of $69.9 million, with a project duration of seven years and an initial requirement of $604,000 for 2018 for preparatory work. Some of the Organization's oldest buildings in Nairobi had become dilapidated and no longer complied with international health and safety requirements or United Nations standards. The new office space would comply with building codes, accommodate additional staff members and improve efficiency and sustainability. The Secretary-General should continue to assess the condition of the buildings and infrastructural facilities at the United Nations Office at Nairobi and take action as appropriate.

18. An effective project governance and oversight mechanism must be put in place. In addition, to ensure that the buildings were adapted to local conditions and to minimize construction costs, local knowledge, technology and capacity must be used to the extent possible. The United Nations should take advantage of the high-quality building materials available in Kenya. In accordance with the host country agreement, her Government was committed to working with the United Nations to implement the project by facilitating the movement of materials and persons, granting tax exemptions, and providing relevant services and facilities.

*Implementation of a flexible workplace at United Nations Headquarters* (A/72/7/Add.29 and A/72/379)

19. **Mr. Carey** (Office of Central Support Services), introducing the Secretary-General's second progress report on the implementation of a flexible workplace at United Nations Headquarters (A/72/379), said that, since the previous report (A/70/708), substantial progress had been made in modernizing the work environment in the Secretariat building, while realizing efficiencies in project implementation, including through reductions to the Organization's lease portfolio. Tailored construction contracts had been developed, which had reduced estimated project unit costs. Moreover, the additional capacity created by the project in the Secretariat building had enabled the Organization to vacate the Daily News Building, and the General Assembly's approval of the plan outlined in the Secretary-General's report (A/72/379) would enable it to vacate the United Nations Federal Credit Union Building and the Innovation Building in 2018. The reductions in annual recurrent rental costs from the non-renewal of those leases would amount to $16.3 million and enable the project to reach the break-even point by 2021.

20. The report included a schedule and plan for the implementation of a flexible workplace on 26 floors of the Secretariat building by 2020, which would entail an overall project cost of $54,981,400 and would create additional capacity for 1,154 staff in the Secretariat building. It also outlined the findings of the May 2017 on-site observations and survey conducted among staff working on flexible workplace floors, whose feedback on the project had been consistently sought. While several areas for improvement had been identified, staff had reported a higher level of workplace satisfaction than in the baseline assessment conducted during the feasibility study for the project in 2014.

21. The project plan would be reviewed in the light of future relevant General Assembly decisions, including with respect to the global service delivery model, and any information on the impact of such decisions on the plan would be included in the Secretary-General's third annual progress report proposed for submission to the Assembly at its seventy-third session. The General Assembly was requested to take note of the project plan and its revised estimated cost; approve the continuation

of the project and of the three temporary positions for the project team; authorize the Secretary-General to enter into commitments up to the amount of $25,401,200 in respect of the project costs in 2018–2019; and appropriate the amount of $6,586,600 for the project under the proposed programme budget for the biennium 2018–2019.

22. **Mr. Ruiz Massieu** (Chair of the Advisory Committee on Administrative and Budgetary Questions), introducing the related report of the Advisory Committee (A/72/7/Add.29), said that the Advisory Committee reiterated a number of its previous recommendations, in particular with regard to the need for an assessment of the impact of a flexible workplace on productivity; a more detailed implementation plan; and a review of the cost estimates for the project. Noting that the Secretary-General's third progress report might reflect adjustments arising from decisions of the General Assembly on the reform proposals presented by the Secretary-General at its current session, the Advisory Committee recommended that the Assembly should authorize the Secretary-General to enter into commitments up to the amount of $12,700,600 in respect of the project costs for 2018. The Advisory Committee would review the estimated costs for 2019 onwards at the time of its consideration of the Secretary-General's third progress report. In addition, it recommended that the General Assembly should approve the continuation of the three temporary positions for the project team and should request the Secretary-General to explore options for the self-financing of the project.

23. **Ms. Pereira Sotomayor** (Ecuador), speaking on behalf of the Group of 77 and China, said that the Group recognized the importance of organizational transformation initiatives that contributed to a modern, adaptable and effective United Nations. However, such initiatives must be implemented in a well-considered and flexible manner, taking into account evolving work practices and staff needs.

24. The Group welcomed the ongoing efforts to solicit feedback from users of flexible work spaces, while noting that, in the May 2017 survey, some staff had reported that they had difficulty focusing on work and finding colleagues or team members, and that they felt less productive. The Group was also concerned at the undersubscription of flexible workplace floors, which undermined efforts to optimize productivity, and at the discrepancies in the perceptions of junior and senior managers regarding team productivity. Lessons learned from the outcome of the flexible workplace pilot programme carried out at Headquarters in 2014, in particular with regard to its impact on staff productivity and performance, should therefore be analysed in order to ensure the project's effective implementation. Noting that an assessment of the impact of a flexible workplace on productivity, with reliable indicators and methodologies, had still not been undertaken, the Group looked forward to receiving further details in that regard, as well as on the capacity and rates of occupancy on each floor of the Secretariat building, and on the effects of the project on flexible work arrangements and performance evaluations. The Group also requested a more detailed implementation plan for the full scope of the project, including its impact on leases in non-United Nations-owned property.

25. Although the project costs reported by the Secretary-General represented a decrease from the projections presented in his first progress report (A/70/708), they had, in fact, risen from the initial projection provided in his report on the comprehensive business case for the application of flexible workplace strategies at the United Nations (A/69/749). In that regard, a well-substantiated, reliable business case was critical for informing the Committee's consideration of costly transformation initiatives and the Secretary-General should explore options for the self-financing of the project. The Group would consider the proposed cost estimates in the light of concerns expressed in the Committee regarding the prioritization and sequencing of large capital projects and in relation to the full scope of construction projects and resource requirements being considered under the proposed programme budget for the biennium 2018–2019. The Group would also consider the potential impact on the scope and duration of the project of General Assembly decisions relating to Umoja, the global service delivery model and the long-term accommodation needs of the Organization. In addition, it would seek further information on the evolution of the Secretariat's policies on flexible work arrangements and on the alignment of those policies with project objectives.

26. **Ms. Zhang** Jiarui (China) underscored the need to take stock of experience gained and enhance implementation of the flexible workplace strategy in order to ensure optimal utilization of office space, improve working conditions and efficiency, and achieve energy efficiency. She hoped that the Secretariat would conduct a detailed assessment of the effects of the flexible workplace pilot programme on, inter alia, productivity and flexible work arrangements; comprehensively address the low workplace performance index, a measure developed by the consultancy firm contracted to assist with the transition to a flexible workplace, for flexible workplace floors; and continuously improve the flexible workplace

programme. The Secretariat must report to the Assembly on those matters in a timely manner.

27. The strategy must be forward-looking and should be rolled out gradually to allow for improvements to be made on the basis of the Assembly's decisions regarding organizational reforms and the progress of relevant strategic transformation initiatives. Enhanced budgetary discipline and management were also essential. While her delegation appreciated the fact that the revised cost estimates represented a decrease of $10,728,000 compared with the amount of $65,709,400 presented in the Secretary-General's first progress report (A/70/708), the need for that revision demonstrated the importance of enhancing budget accuracy in the future. Continued efforts must be made to reduce the overall project budget, particularly in the light of the efficiencies achieved thus far, and the Secretariat must provide further details with regard to the implementation of each phase of the project.

*The meeting rose at 11.05 a.m.*